ORIGIN

ANSR	REP	AF	ARA ✓
FOR	EA	NEA	CU
✓			IO ✓
L ✓	FBO	AID	SY ✓
S/S	SCI	SP ✓	EB ✓
AUK	COM	FRB	INT
LAB	TAR	TR	XMB
AIR	ARMY	NAVY	OSD
USIA	NSA	CIA	DOT
STR	HEW		

SUGGESTED DISTRIBUTION

AMB
DCM
POL
DEA
NAU
CHRON

DEPARTMENT OF STATE

AIRGRAM

P820066-0908

A85

P820066-0901

FILE DESIGNATION

Original to be Filed in _____ Decentralized Files.

HANDLING INDICATOR: LIMITED OFFICIAL USE — UNCLASSIFIED

Lima A-11
NO

TO : Department of State

INFO : AmEmbassy Bogota, AmEmbassy La Paz, AmEmbassy Quito, IAEA Vienna Narcotics Counselor

DEPT PASS:

FROM : AmEmbassy Lima-Peru

DATE: April 29, 1982

SUBJECT : Annual Narcotics Status Report

REF : State 075093

Per reftel, there is enclosed the 1981 ANSR for Peru.

ORTIZ

Enclosure: (1)

DEPARTMENT OF STATE/A/CDC/MR
REVIEWED BY E. B. Rudd DATE 1/26/82
RDS ☐ or XDS ☐ EXT. DATE
TS AUTH. _____ REASON(S)
ENDORSE EXISTING MARKINGS ☐
DECLASSIFIED ☒ RELEASABLE ☒
RELEASE DENIED ☐
PA or FOI EXEMPTIONS

DEPARTMENT OF STATE
82 MAY 10 AM 11:47
FAORC/DA/WC

1982 MAY 10 PM 2 47

LIMITED OFFICIAL USE

FORM DS-323
3-70

Drafted by:	Drafting Date:	Phone No.:	Contents and Classification Approved by:
NAU:LThompson/GDS:mtr:rl	4/29/82	278	DCM:GPLamberty

Clearances:
DEA:WWetherington

LIMITED OFFICIAL USE

Annual Narcotics Status Report - Peru, 1981

I.-Perception

Peru is, along with Bolivia, one of the two major producers of coca leaf, the raw material for cocaine. Coca leaf in Peru is most generally processed into cocaine paste, an intermediate product, and smuggled to Colombia. However, Peru also produces a significant quantity of cocaine HCL for direct transport to the United States and other markets.

The civilian government of Peru, which took power in August, 1980, is beset by numerous economic difficulties, including inflation, falling minerals prices, agricultural underproduction, and unemployment. In addition, during 1981, a growing problem of terrorism in Ayacucho Department and terrorism and street crime in Lima began to preoccupy enforcement agencies. As a priority of the GOP, narcotics ranked below terrorism and the economy. Nevertheless, narcotics is a subject of concern here and receives extensive attention by the press and many GOP leaders.

The Peruvian attitude toward narcotics is constructive. Although we are occasionally reminded that a large percentage of the narcotics traffic results from the ready markets in the U.S. and other countries, the Peruvians acknowledge a domestic problem of narcotics abuse and, with the examples of nearby Bolivia and Colombia, express concern about the effects of narcotics on their political system and society. The most serious problem of drug abuse in Peru is cocaine paste, a highly potent substance, generally smoked and containing quantities of the acid and kerosene used in its production. There is no debate about the dangers of cocaine paste in Peru; its deleterious effects, both psychological and sociological, are evident.

Peruvian public opinion toward narcotics traffic and the trafficker is uniformly unfavorable from all bands of the political spectrum. The same is not true of the coca cultivator. Coca cultivation for the traditional practice of chewing the leaf has a history of centuries in Peru and more than one million Peruvians, particularly in the high sierra region, chew the leaf as a daily practice. Coca cultivation and trade in coca has a lengthy history and is a quite respectable occupation in several regions. However, in the 1970's coca cultivation expanded in both the traditional growing areas and in relatively new coca growing areas such as the Upper Huallaga Valley to meet the demands of a lucrative illicit market and, of the total production in Peru, approximately 70% is now used

DECLASSIFIED

LIMITED OFFICIAL USE

for the production of cocaine. Pro-coca politicians and coca growers tend to ignore the fact that excess production of coca is the basis of narcotics trafficking and defend the coca producer as an honest farmer engaged in an age-old practice.

Coca cultivation in Peru is thecretically controlled by a series of decrees and laws reaching back to the sixteenth century. A State Corporation, the National Coca Enterprise (ENACO), has a monopoly on all legal commercialization of coca and maintains a registry of all legal coca growers. As a point of fact, however, ENACO does little more than buy and sell coca leaf. It lacks the police powers to enforce coca cultivation regulations and its registry of coca producers is dated and rarely used as a means of control.

Since 1978, the Government of Peru has taken a number of steps to bring the problem of excess coca cultivation and narcotics trafficking under control. Decree Law #22095 of 1978 establishes strict penalties for narcotics trafficking and illegal coca cultivation. In 1980, the military government of Peru declared all coca cultivation in the Upper Huallaga Valley illegal and conducted the Green Sea police operations to control coca cultivation. Though Green Sea was successful in reducing coca cultivation in an accessible area of the valley, the operation also illustrated many of the difficulties of attempting to control a hardy, lucrative crop cultivated in small plots in isolated areas. The prospect that the Peruvian Parliament will consider new narcotics legislation in 1981 has led to an extensive national debate on policy to control coca cultivation. The coca growers are fairly well organized and the politicians from coca-growing areas are usually pro-coca, complicating the problem.

The U. S. efforts to assist Peru to control and reduce coca cultivation have been focused on the Upper Huallaga Valley, the largest producing region in Peru for coca diverted to the illicit market. In 1981, an $18 million AID project agreement for the agricultural development of the Upper Huallaga was signed with the objective of creating viable economic alternatives to coca cultivation in the region. INM assistance in the area is supporting a special Guardia Civil Rural Patrol Unit (UMOPAR) to suppress narcotics traffic and control coca cultivation and a project to create an organization to carry out coca eradication.

DECLASSIFIED

LIMITED OFFICIAL USE

DECLASSIFIED

II.-U.S. Interests

The United States objectives in Peru are:

1.-Short Term: To reduce the illicit international traffic in narcotics, particularly cocaine, originating in Peru.

2.-Long Term: To reduce the level of coca product in Peru to the level required for legitimate domestic consumption and export.

U. S. assistance has concentrated on the short term objectives. Assistance to the Peruvian Investigative Police (PIP), Guardia Civil, and Customs has resulted in substantial increases in seized drugs destined for the international market during the last 4 years. However, the high international price and expanding market for illegal cocaine negated these accomplishments to a large extent and a reduction in drug traffic has not been achieved. Complicating the achievement of this objective is the nature of the drug traffic in Peru. Much, perhaps most, of the illicit cocaine paste and base exported from Peru leaves via the rivers and airspace of the large, isolated, and very difficult Amazon region.

Our attention during 1981 began to shift towards the long term objective--a reduction of coca acreage in Peru.

The Guardia Civil Rural Mobile Patrol Unit has been operating in Tingo Maria since March, 1981 with relative success. AID/Peru has signed an $18 million economic development plan with the GOP for the Upper Huallaga Valley which is linked to a coca substitution eradication project of the Narcotics Assistance Office. Project offices are presently being established.

III.-Country Narcotics' Profile

A.-Licit Coca Production

Peru's National Coca Monopoly, ENACO, has licensed 25,000 farmers to produce coca on 18,000 hectares (44,000 acres). ENACO has not issued any new licenses since 1978 and the registry is officially closed. Decree Law #22927 dated March 4, 1980 declared the Department of Huanuco, San Martin and the Province of Coronel Portillo in the Department of Loreto in a state of emergency due to its rapidly increasing illicit coca production. Because this region was a non-traditional production area, it was decided that ef-

DECLASSIFIED

LIMITED OFFICIAL USE

DECLASSIFIED

fective March 4, 1981 all coca production would be considered illicit, thus removing 6,600 has. or 1/3 of the nation's total licit coca production from ENACO registry. To date no attempt has been made to enforce this decree; however, ENACO no longer purchases coca leaves in the region.

Peru's licit needs (traditional consumption for chewing and industrial export) are approximately 14,000 metric tons of coca leaf annually. About 12,000 MT are used for chewing by about 1.5 million indigenous users, and ENACO exports about 2,000 MT of leaves and leaves converted into cocaine base and cocaine hydrochloride for flavor extracts and pharmaceutical products. ENACO maintains a cocaine base/hydrochloride laboratory in Lima; however, production is limited. Annual exports of ENACO amount to about $5 million and retail value of coca leaves consumed by the population is estimated at $100 million.

B.-Illicit Production

The Embassy estimates that total Peruvian coca production is now 50,000 MT annually. Substracting the 14,000 tons required for licit uses, 36,000 MT are available for the illicit market. Production estimates by Department are as follows:

Department	Production (MT)	Percentage of Total
Cuzco	20,000	40
Huanuco	13,000	26
San Martin	5,000	10
La Libertad	4,000	8
Ayacucho	4,000	8
Puno	2,000	4
Cajamarca	1,000	2
Others	1,000	2
	50,000 MT	100%

Cuzco Department is a traditional growing area and its leaves are preferred by indigenous users. However, as can be seen in the above estimates, Cuzco's production alone exceeds licit needs by 6,000 tons. The coca production in Huanuco and San Martin, principally in the Upper Huallaga Valley, is relatively recent and is destined exclusively for the illicit market (Decree Law #22927).

DECLASSIFIED

LIMITED OFFICIAL USE

The potential growing areas for coca in Peru are immense, stretching almost 1,000 miles north to south in a belt of land on the eastern slopes of the Andes about fifty miles in width. Although Cuzco and the Upper Huallaga Valley are now the most important coca growing areas, there is a high potential for expansion into new regions. Coca cultivation not only displaces other crops,but absorbs much of the available labor in its major production center.

Prior to being exported from Peru, coca leaves are converted into cocaine paste and base. Approximately 100 kilograms of leaves are required to produce one kilogram of cocaine paste. Approximately 2.5 kilograms of paste are required for one kilogram of cocaine base. The majority of the illicit coca crops is now converted into cocaine paste (previously,base had been preferred) and smuggled from Peru to Colombia where it is made into the final product, cocaine hydrochloride. Perhaps five percent of the cocaine paste/base produced in Peru is consumed in the country and another five percent is converted into cocaine hydrochloride for direct transport to the U.S. and Europe. There is some evidence that cocaine hydrochloride production is increasing as traffickers get access to needed chemicals and as trafficking organizations expand.

DEA reports no significant changes in the manner in which cocaine paste/cocaine HCL leaves Peru. Ships, private and commercial aircraft, vehicles and river boats are used through the principal exit points of Callao, Jorge Chavez International Airport (Lima), Iquitos International Airport, the border towns of Zarumilla, La Tena, Leticia, and numerous locations along the thousands of kilometers of unpatrolled border and coastline. There have been some recent cases when cocaine paste is smuggled into Bolivia for shipment to Colombia.

The average illicit price for coca leaves and derivatives in Peru is estimated as follows:

-Coca leaves per kilogram	US$ 2.00 - 3.00
-Cocaine paste per kilogram	1,000 - 3,000
-Cocaine base per kilogram	4,000 - 6,000
-Cocaine HCL	17,000 -20,000

Price vary according to quantity purchased and location. Generally, the closer the drug is to Colombia the higher its price.

LIMITED OFFICIAL USE

UNCLASSIFIED

C.-Transhipment of Illicit Drugs

Some Bolivian cocaine HCL passes thru Peru in transit to other countries, but Peru's primary importance is as a producing nation, not a transhipment point.

D.-Significance of Drug Production, Traffic, and Demand in Country's Economy

The illicit international traffic in coca derivatives is one of the largest industries in Peru and the drug trade, though unrecorded, undoubtedly ranks as one of Peru's three or four most valuable exports.

The estimated 36,000 MT of illicit coca production is adequate for the production of 360 MT of cocaine paste. A very speculative estimate of the disposition of this cocaine paste is as follows:

	Metric Tons
1.-Lost destroyed, confiscated	10
2.-Domestic consumption (5%)	18
3.-Converted to cocaine HCL (5%)	18
4.-Converted to cocaine paste and exported to Colombia	314
Total production	360 MT

The market value of each of these dispositions is estimated as follows:

	US$ (million)
Domestic retail sales	100
Cocaine HCL international sales	200
Cocaine paste/base export sales	450
Total value of illicit drug traffic to Peruvian economy	$750 million

Including the value of the licit market of about $100 million, the total value to the Peruvian economy of the coca crop is approximately $850 million per year.

The contribution of this sum to the economy of Peru is difficult to estimate. Approximately $150-200 million goes to coca farmers in payment for their crops. The remainder may stay in the country or be invested

UNCLASSIFIED

LIMITED OFFICIAL USE

abroad. Given Peru's liberal banking laws and the availability of US dollar certificates through the banks, a good deal of the proceeds from the narcotics traffic probably remains in Peru. There is no evidence at present that Peru is being used as a safehaven by Colombians, Bolivians, or other nationalities for storing drug profits, but this is also a possibility.

A clear danger to Peru is the administrative and political corruption which tends to follow in the wake of narcotics trafficking. Corruption is a fact of life in Peru (as in most countries) but the enormous resources of the narcotics traffickers give it unprecedented potential for expansion. Increased government efforts to reduce coca cultivation and repress the narcotics trade might increase corruption as traffickers feel the need to secure their safety by buying political influence.

E.-Local Drug Abuse During 1981

The only information concerning drug abuse in Peru is an Epidemiological study conducted in 1979 which was included in the last ANSR. Under the auspices of our project agreement with the Ministry of Education, Peru's Catholic University is presently undertaking such a study, which should be completed in August 1982.

F.-Legal Aspects

Decree Law #22095 enacted in 1978 is the basic authority for the control of coca cultivation. The law's stated objective is the repression of drug traffic and the creation of a system for the gradual reduction of coca cultivation. Important provisions of the law are:

1.-Cultivation of coca in new areas is prohibited.
2.-Coca-producing lands not occupied and managed by their owners will be expropriated as part of the Agrarian Reform.
3.-In lands authorized for coca growing, the State will seize farms of over 10 has., partially or wholly planted in coca, by March 1980, if coca has not been eradicated. The State will seize farms of between 5 and 10 has. if coca crops have not been eradicated by March, 1981. A timetable for the eradication of coca on farms of less than 5 has. will be established by the Ministry of Agriculture.

DECLASSIFIED

LIMITED OFFICIAL USE

UNCLASSIFIED

4.-All coca growers are required to register with ENACO. ENACO has the exclusive responsibility for the internal and external commercialization of coca leaves.

5.-The Guardia Civil and the Forestry Police are given responsibility for enforcing the law for the eradication or substitution of coca cultivations. The Peruvian Investigative Police (PIP) has the authority for the repression of illegal narcotics trafficking.

6.-A multi-sectoral committee is established to implement national drug policies.

7.-Strict legal penalties are established for violators of the law.

Decree Laws #22926 and #22927 (1980)

D. L. #22926 gave the Guardia Civil additional responsibility in coca cultivation control and extended the legal penalties for violators. D. L. #22927 declared a State of Emergency in the Departments of Huanuco and San Martin (the Upper Huallaga Valley) and called for the immediate repression of illegal narcotics trafficking.

The civilian government is reviewing all laws and decrees adopted during the military regime and the above narcotics laws will probably be reviewed and possibly changed in 1982. There is sympathy on the part of legislators from coca-growing areas to increase the time allowed for the eradication of coca cultivations. It is possible that significant changes in narcotics laws may be adopted in 1982 by the Peruvian Congress.

G.-Enforcement Efforts

The 10,000 man force of the Peruvian Investigative Police (PIP) is responsible for investigating all felonies, including narcotics offenses. The PIP is primarily stationed in population centers. The Guardia Civil (GC) with its 28,000 man force is responsible for crime prevention, investigation of misdemeanors and, in areas where there is no PIP presence, investigating all criminal offenses.

The GC by law is charged with enforcing existing laws regarding cultivation, production, marketing, movement and possession of coca leaves. The Guardia Republicana, responsible for border control, and the Customs services, controlling export/import activities, aid in the enforcement of Peruvian narcotics laws.

UNCLASSIFIED

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

The PIP and GC have narcotics units functioning on national and regional levels. Each has a narcotics training center for its personnel and mobile training teams to provide instruction in the outlying areas.

The Mission's Narcotics Assistance Unit (NAU) has had project agreements with PIP, GC, and Customs since 1978, providing a total of $3.2 million in commodity and training assistance. DEA continues to work closely with PIP, Guardia Civil, and Customs and provides additional training assistance and operational support.

The 135-man Mobile Rural Police Detachment was created in 1981 by the Guardia Civil in Tingo Maria. This special unit, which is scheduled to increase to 300 men by the end of 1982, is devoted exclusively to the control of coca production.

The over-all performance of the enforcement agencies has been good; however, due to present economic conditions in Peru, manpower and material support is inadequate to effectively enforce the laws. A growing terrorist problem has further stretched scarce resources. Corruption is a growing problem among enforcement agencies, the Judiciary, and government in general.

Cooperation among the enforcement agencies remains poor with little expectation that it will improve in the near future.

H.-Training

INM funds were used to provide the following in-country or US training from January 1 thru December 31, 1981:

Guardia Civil	Participants
Total personnel trained by mobile training team (officers and enlisted)	658
Personnel trained by DEA Intelligence* Group in Lima (officers-2 c rses)	45
Seminar in Mexico (UN funded)	4
Detector Dogs Program #18 in Washington, D.C.	2
PIP	
Total personnel trained by mobile training team (Lima and Cuzco)	64

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

DECLASSIFIED

PIP	Participants
DEA Intelligence* Course - Lima	25
DEA* Course - Washington, D.C.	4
International Narcotics Seminar in Mexico	1

Customs

Customs International Narcotics Mid-Management Seminar - Washington, D.C.	2
Executive Observation Program-Washington, D.C.	2
Train the Trainer Workshop - Puerto Rico	2

(*) DEA/US Instructors

I.-Prevention, Treatment and Rehabilitation Programs

Narcotics treatment and rehabilitation programs are rudimentary in Peru. The majority of patients are treated in private clinics. The Ministry of Health, with UN assistance, operates one narcotics treatment center near Lima. The Pan-American Health Organization recently began a program to improve the facilities for treatment and rehabilitation. The project is now in the study phase.

The Ministry of Education has responsibility for the bulk of prevention programs. Assisted by the U.S., the Ministry has set up a number of regional committees and training programs for teachers to help prevent narcotics abuse in the nation's schools. The Ministry is also producing television, radio, and other media announcements warning of the problems of narcotics use.

J.-Arrest Statistics for Narcotics Offenses

	1980	1981
PIP	1,543	1,159
Guardia Civil	1,763	1,703
Customs	198	135
Total	3,504	2,997*

(*) Of those arrested in 1981 approximately 225 were foreigners, with Americans, Colombians, and Canadians comprising the majority.

LIMITED OFFICIAL USE

DECLASSIFIED

LIMITED OFFICIAL USE

DECLASSIFIED

Only the GC narcotics statistics differentiate traffickers from consumers and by age groups.

Guardia Civil Arrests	1980	1981
Traffickers	726	605
Consumers	1,037	1,098

Traffickers by Age

	1980	1981
13-17	32	16
18-20	81	33
21-30	391	404
31-40	217	122
41-50	33	12
51 and up	15	9

Consumers by Age

	1980	1981
13-17	88	77
18-20	210	161
21-30	505	791
31-40	133	68
41-50	11	18
51 and up	2	0

K.-Seizures (kilograms)

PIP	1980	1981
Cocaine paste/base	4,755	3,088
Cocaine HCL	153	101
Guardia Civil		
Cocaine paste/base	1,154	2,322
Cocaine HCL	6	6
Customs		
Cocaine paste/base	504	564
Cocaine HCL	47	15
Total All Agencies		
Cocaine paste/base	6,445	5,974
Cocaine HCL	206	122

1981 seizures are somewhat less than 1980 due in part to a lack-luster year by the PIP. Guardia Civil seizures increased by 100%, with the Rural Mobile Patrol Unit in Tingo Maria responsible for 653 kilos of paste and 14 MT of leaves. The increase in terrorism has

DECLASSIFIED

LIMITED OFFICIAL USE

caused law enforcement agencies in some areas to alter their priorities. However, as a reference point, total 1977 seizures for all agencies were 1,537 kilograms of paste/base or about 25% of that seized in 1979, 1980 or 1981.

L.-Crop Eradication and Income Replacement

The GOP declared a policy of coca eradication in 1978. The first positive steps forward were the Green Sea Operations against coca cultivation in the Upper Huallaga in late 1979 and early 1980. Unfortunately, although these operations had a positive effect, there was no immediate follow-up. In March 1981, the GOP stationed a 60-person Guardia Civil unit, UMOPAR, in the Upper Huallaga to suppress narcotics traffic and to control coca cultivation. Within its areas of influence, primarily near the main roads of the valley, the UMOPAR has been successful. The unit has now been expanded to 125 personnel, with plans to increase to 300 by the end of 1982.

The $18 million AID Upper Huallaga Dvelopment project is now in the initial stages of implementation. The project will stimulate agricultural development in the region to provide viable economic alternatives to coca production. Complementing the AID project will be a concurrent coca eradication project supported by INM funds. The GOP is now in the process of creating a coca control organization with representation from the Guardia Civil, Ministry of Agriculture, and ENACO to initiate a coca eradication policy. The goal of the project is the total eradication of coca in the Upper Huallaga Valley by the end of 1986.

M.-End-Use Utilization of Commodities

A full list of commodities received in 1981 will be forwarded under separate cover.

IV.-Multilateral Drug Control

Peru is a party to the 1961 Single Convention on Narcotics, pledging the eradication of coca by 1986. However, the GOP recognizes the impossibility of eliminating coca cultivation for traditional use in the immediate future and is currently studying the legal possibilities of entering a reservation to the treaty to allow the continued cultivation of coca for traditional use.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

DECLASSIFIED

Peru is a recipient of multi-lateral assistance from UNFDAC. UNFDAC assistance in 1982 will total about $150,000, most of which is directed toward health and rehabilitation. The Peruvian Attorney General has recently introduced a proposal to create a United Nations Regional Drug Office in Lima to encourage greater international cooperation in helping Peru reduce coca cultivation. The Embassy would welcome a greater international participation in this area.

Although the US is the only country providing bilateral assistance to Peru, the enforcement agencies of Canada and Holland have representatives in Peru to work with Peruvian police and there are frequent visits and collaboration between Peru and FRG, Australia, and other countries on narcotics violations.

DECLASSIFIED